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**A STUDY OF THE
"THE HUMP BILL"**

DAVID B. MAHER

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A STUDY OF
"THE HUMP BILL"

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A STUDY OF
"THE HUMP BILL"

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by

David B. Maher
Captain, United States Navy

Submitted in partial fulfillment of
the requirements for the degree of

MASTER OF SCIENCE
IN
MANAGEMENT

United States Naval Postgraduate School
Monterey, California

1963

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A STUDY OF
"THE HUMP BILL"

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David B. Maher

This work is accepted as fulfilling
the requirements for the course

INDIVIDUAL RESEARCH

MN 400

United States Naval Postgraduate School

ABSTRACT

This paper presents a study of the problem of the uneven officer distribution in the Navy rank structure caused by wartime expansion and resulting in Congressional legislation commonly referred to as "The Hump Bill". The study is an effort to analyze the degree of success attained under this legislation during its first three years of operation and to highlight areas requiring additional corrective action. Since this is the study of a dynamic situation involving the most complex of all mechanisms, the reaction of human beings, it is impossible to state that a better solution to the problem would have resulted by following some other course of action. The paper does present factors that were not properly provided for in the "Hump Bill" and which should be considered in the future.

The writer wishes to express his appreciation for the assistance and encouragement given him by Commander James Raynes of the U. S. Naval Postgraduate School in this investigation.

TABLE OF CONTENTS

| CHAPTER | PAGE |
|--|------|
| I. THE PROBLEM | 1 |
| The Problem | 1 |
| Statement of the problem | 4 |
| History of the problem | 6 |
| Provisions of the law | 12 |
| Essential objectives of the legislation | 18 |
| Purpose | 23 |
| Assumptions | 27 |
| Limitations | 30 |
| II. THE STUDY | 31 |
| The study | 31 |
| Results | 35 |
| III. CONCLUSIONS AND RECOMMENDATIONS | 42 |
| Conclusions | 42 |
| Recommendations | 52 |
| BIBLIOGRAPHY | 60 |

LIST OF TABLES

| TABLES | PAGE |
|--|------|
| I. Percent Resignations | 10 |
| II. Fiscal Year Selections to Commander .. | 11 |
| III. Number and Percentage of Un- Restricted Line Commanders Having failed Selection One or More Times . | 36 |
| IV. Unrestricted Line Commanders on Duty as of 1 January, 1962 | 36 |
| V. Commanders Selected to Captain | 37 |
| VI. U.S.N.A. Classes of 1940 and 1941 Non Selected | 39 |
| VII. 1100 Designated Commanders in Promotion Zone--Fiscal Years 1960-1962 | 41 |
| VIII. Naval Officer Attitudes on Retirement Plans | 45 |
| IX. Percentages of '69 Employment Agencies' Views as to the Employment Possibilities in Relation to the Age of the Applicant | 47 |
| X. Percentages of 104 Civilian Employer Views on Age Groups Considered Most Desirable when Hiring Executives or Supervisory Employers | 47 |

LIST OF FIGURES

| FIGURE | PAGE |
|---|------|
| 1. Distribution of Unrestricted Line Officers | 6a |
| 2. Unrestricted Line Commanders Totals and Percentage 1100 to 1300 as of 1 January, 1961 | 36a |

CHAPTER I

THE PROBLEM

One of the major problems facing the United States today, as always, is the defense of the nation. The solution to this problem lies in the proper utilization of available resources, manpower and material. Headlines continually stress technological breakthroughs and advancements, but little emphasis is placed upon the men who combine to make these advancements or who make the decisions on their employment and utilization. All the technological advancements in warfare will be wasted if we do not have trained manpower to employ this equipment properly. In the Navy, this trained manpower starts with the Chief of Naval Operations and flows downward through a structured chain of command and responsibility to the newest recruit in training. Any weakness in this chain can only serve to reduce the overall effectiveness of the Navy and the defense of the nation as a whole.

At the present time there appears to be a weak spot in this manpower chain residing in the area of those officers serving in the Commander and Captain rank, or what has been named "The Hump". It will be the purpose of this paper to study this area and attempt to shed some light on a weak point that may be strengthened and improved.

Dutton, in his Navigation and Nautical Astronomy Chapter on piloting, states: "Piloting is the art of conducting a vessel in channels and harbors and along coasts, where landmarks and aids to navigation are available for fixing position, where the depth of water and dangers to navigation require a constant watch and frequent changes of course. In all phases of piloting, the navigator must constantly realize that he is dealing with both the present and the future. He must continually analyze the situation which exists at present to plan for the future. He should constantly use every logical means at his disposal to (1) obtain warnings of approaching danger; (2) fix the position of the ship accurately and frequently; (3) determine the proper course of immediate action. The basic principles of piloting apply in general to all navigation and should, therefore, be thoroughly mastered."¹

Dutton's statements on piloting may be expanded to apply to any dynamic situation. We must observe where we have been, analyze the factors that have caused deviations in our original plotted course, fix our present position,

¹Commander Benjamin Dutton, Navigation and Nautical Astronomy, (United States Naval Institute, Annapolis, Maryland, 1948,) p. 105

and then take departure on a re-evaluated course to avoid the Rocks and Shoals. It has been about three years since the "Hump Bill" was enacted into law to remedy problems resulting from the personnel policies of World War II and the Korean war. Enough data has now accumulated to determine the "set and drift" and replot our Personnel Course if necessary.

When the Hump Bill was awaiting Congressional Action, writers took pen in hand and stated their viewpoint, either pro or con regarding this legislation. "If passed, the Department of the Navy will have begun the Spartan solution of a problem for which there is no easy answer. Furthermore, the best possible compromise between the needs of the service, on the one hand, and equity amongst groups on the other hand, will result."² Or, "In my opinion, this legislation long will be remembered because of its drastic nature. Its ultimate effect on our Navy probably will not be visible for several years. It is this ultimate effect that causes concern to me, for I believe that there is a possibility of lasting damage."³

²Commander. E. R. Zumwalt, U.S.N., "Beyond the Hump", U.S. Naval Institute Proceedings, 85 (July, 1959) p.59

³Vice Admiral A. E. Jarrell, U.S.N. (Ret.), "Lessons Learned from the Hump", U.S. Naval Institute Proceedings, 86 (August, 1960) p. 79

This paper will investigate whether the Hump Bill has actually "solved the critical problem in officer promotions which we generally refer to as The Hump."⁴

STATEMENT OF THE PROBLEM

The problem is as stated in the pro and cons previously cited:

1. Has promotion equity amongst groups been attained?
2. Have the needs of the service been fulfilled to the best possible degree?
3. Have any damaging effects (especially of a lasting nature) resulted?

These three items can be considered the basic items under investigation, but each needs further amplification in the study.

The first question, "Has promotion equity amongst groups been attained?" may be expanded by giving thought to the caption under a picture in Vice Admiral Jarrell's article which reads: "Midshipmen Taking Their Oath As Officers in the U.S. Navy. Now they are officers. Will they have as fair a chance in the future for selection as those officers who may be five years their senior or five

⁴Letter to All Naval Officers from the Chief of Naval Personnel dated 12 August, 1959

years their junior? Or must they face haphazard promotion policies?"⁵

Note that this caption uses the term five years' senior and five years' junior. Thus if we solve the problem of the current hump, it cannot be at the expense of creating troughs or humps in succeeding years. This then ties in with questions 2 and 3, or to sum up and properly restate the problem we may ask:

Has the Hump Bill attained promotion equity on a long term basis, fulfilling the needs of the service with no lasting damaging effects?

⁵ Jarrell, loc. cit.

History of the Problem

To understand the problem of the Hump, one need only look at the graph, Figure #1, representing the distribution of unrestricted line officers in the U.S. Navy on 1 January, 1958. Those officers originally commissioned in years 1942 to 1945 form a definite hump in the distribution system and thus the name.

The Hump is a direct result of World War II and Korean War personnel policies that disrupted orderly officer procurement policies. When the national emergency was declared prior to World War II, our personnel planners foresaw or were forced to recognize the need for increased numbers of officers. The curriculum at the U.S. Naval Academy was modified and graduation of those classes under instruction was expedited. Thus the Naval Academy class of 1941 graduated in February, 1941, about 3 months early. This was followed by graduation of the class of 1942 in December of 1941, seven months early, and the class of 1943 in June, 1942, one full year early. The entire output of three Naval Academy classes was compressed from a 24 month span to a 15 month span. This same procedure was followed at Naval Reserve Officer Training colleges where courses were shortened from 4 to 3 years. In

U.S. NAVY

57
8106 56
6714

OFFICERS

NUMBER AT TOP OF EACH COLUMN
INDICATES YEAR GROUP OF OFFICERS

1 JANUARY 1958

USN
USN [I]
USNR

44

42

53

50

51

52

54

55

56

57

58

45

48

46

47

49

50

51

52

53

54

55

56

57

58

59

60

61

62

63

ENS-LTJG

LCDR

CDR

CDR

CDR

CDR

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CDR

YEARS OF COMMISSIONED SERVICE

NORMAL SERVICE IN GRADE

FIGURE 1

DISSEMINATION OF UNRESTRICTED LINE OFFICERS

addition, academic attrition from these year groups was low due to the critical needs of the service. In some cases those who failed academically at the Naval Academy entered Reserve Officer Indoctrination training and were actually commissioned ahead of the remainder of their graduating classes. The needs of the service also required a great expansion in the input of Naval Aviators concurrent with this expansion of shipboard line officers, thus further complicating the problem.

While these statements help to clarify and explain the cause of the Hump, the official version was given by the Chief of Naval Personnel as:

"The regular portion of the hump was created by the transfer program following World War II, when a great many Reserve and temporary officers were taken into the Regular Navy. Expansion for Korea greatly exaggerated this already abnormal distribution in three ways; first, normal promotional attrition against the year groups in the hump was practically nil; second, large numbers of Reserve and temporary officers in the hump were retained on active duty; and third, additional Reserve officers of this same seniority were recalled to active duty for the emergency. As a net result, about one-fourth of the officers on active duty in the Navy today are concentrated

in the four year groups 1942-1945."⁶

This great expansion in the Navy, like any expansion in industry, dictated that personnel be advanced at a rapid rate to shoulder responsibilities required by the larger service. As a result, graduates of the Naval Academy class of 1938 had advanced to rank of Commander by 1945, only 7 years after graduation and members of the Naval Academy class of 1942 were Lieutenant Commanders 4 years after graduation. In both of these cases, advancement actually occurred after the cessation of hostilities. The only explanation for these advancements apparent at the time was that they were being utilized as recruitment devices to entice additional Reserve Officers to transfer to the Regular Navy. Our greatly expanded Navy could not be manned by Regulars on active duty and implementation was definitely required.

No person objects to accelerated advancement, but it too can create pitfalls in the long run. The pitfalls created in this case were of the long run nature. Those officers who followed in the trough of the Hump foresaw very limited advancement opportunity for years to come. An officer earning his commission as an Ensign in 1945 could serve under a superior 5 to 10 years his senior in

⁶ Bureau of Naval Personnel, Line Officer, Personnel Newsletter, Vol. 2-No. 1 (July 1956, NavPers-15892), p.3

age yet 15 to 20 years his senior in advancement. This fact did not go unnoticed and resignations became the order of the day. While the Korean war intervened to delay this process, by 1958 the figures had become of definite concern. Table I presents the resignation figures for Naval Academy classes in the year groups listed.

Table I
PERCENT RESIGNATIONS⁷

| Year Group | Total Service | Total Percentage Resigned Between Graduation and 31 December 1958 |
|---------------|------------------|--|
| 1930 | 28 years | 13.64% |
| 1938 | 19 years | 4.37% |
| 1942 | 16 years | 15.43% |
| 1945 | 13 years | 35.9 % |
| 1946 | 12 years | 47.27% |
| 1950 | 8 years | 30.93% |
| 1952 | 6 years | 22.39% |
| 1953 | 5 years | 19.81% |

⁷Commander E. R. Zumwalt, U.S.N., "Beyond the Hump,"
U. S. Naval Institute Proceedings, 85 (July 1959), p. 64

As stated by the Chief of Naval Personnel, where the Hump was born in World War II, it was also nourished along by the Korean war. With the start of this conflict, however, expansion occurred once again and officers who had failed selection were advanced to fulfill the needs of this expansion. For example, the 1962 U.S. Navy Register indicates that out of 686 Commanders in Year Group 43-1, 151 had been previously passed over one or more times. This is 22% of the Commanders in this year group.

A look at the promotion history to the grade of Commander for the Fiscal Years 1949 through 1959 indicates that even though this problem existed following World War II, the problem continued to proceed without control until introduction of the Hump Bill.

TABLE II

Fiscal Year Selections to Commander⁸

| Year | U.S. Navy in Zone | Percent Selected |
|------|-------------------|------------------|
| 1949 | 346 | 95.4 |
| 1950 | 159 | 81.8 |
| 1951 | 722 | 69.2 |
| 1952 | 571 | 82.3 |
| 1953 | 48 | 77.1 |
| 1954 | 840 | 81.4 |
| 1955 | 950 | 81.6 |
| 1956 | 619 | 80.8 |
| 1957 | 240 | 80. |
| 1958 | 688 | 81.7 |
| 1959 | 1002 | 48.4 |

⁸Hearing before a Subcommittee of the Committee on Armed Services United States Senate Eighty-sixth Congress, First Session on HR4413 June 22, 1959 p.57

Faced with the problem of stagnation in rank for those officers in the Hump and resignations from those behind the Hump, the Navy sought and obtained legislation. The resulting bill was HR 4413, introduced by the Honorable Carl Vinson, and known as THE HUMP BILL.

Provisions of the law were explained to all Naval Officers in a letter from the Chief of Naval Personnel on 12 August, 1959. Portions of this letter are quoted below for information.

PROVISIONS OF THE LAW

CAPTAINS

The Secretary is authorized to convene selections boards for the purpose of recommending captains for continuation on the active list, or alternatively, to direct selection boards convened for promotion, to recommend captains for continuation on the active list. Any board convened for this purpose will conform in composition to that prescribed for a selection board for promotion of captains of the same category or corps.

Captains may be considered for continuation in their fifth or later year in grade. However, they will be considered only when and if they are in a continuation zone established by the Secretary for a board for their category. Category in this usage means any group in which officers compete for promotions among themselves. The continuation zones in each category must be consecutive from year to year, and officers previously considered for continuation will not be in any later zone.

In each zone the board may recommend for continuation on the active list, captains in the number prescribed by the Secretary of the Navy.

The Act contains provisions applicable to continuation of twice failed Navy captains and Marine Corps colonels. This nominal inclusion is in fact inoperative, because Navy captains do not fail the second time for promotion until their thirtieth year. The law provides that officers who would have been considered under the fifth year provision would not be subject in any event to later hazard as twice-failed captains.

COMMANDERS

The Secretary is required to convene selection boards, or to direct selection boards convened for promotion, to recommend, among commanders who have failed two or more times of selection to captain, officers for continuation on the active list. Officers so recommended in the approved report of a board would not be subject to forced retirement until the completion of 26 years of total commissioned service, and would not be subject to later continuation boards.

Normally, it is expected that this duty will be performed by the membership of the selection board convened for the selection of commanders for promotion. The field will include officers who, having failed of selection for promotion the previous year, again fail of selection by the current board. Under the present schedule of promotion zones, therefore, some officers will be considered for continuation before the completion of 20 years of total commissioned service (see discussion of "total commissioned service", below). Notwithstanding this early consideration, retirement is not required prior to the completion of 20 years' total commissioned service.

Consideration for continuation of commanders will be by categories; that is, in the same competitive grouping as exists for selection for promotion. Numbers to be continued will be prescribed for selection boards for promotion.

BOARD ACTION--ALL OFFICERS

For both captains and commanders, the Secretary prescribes the number who may be continued. Two-thirds of the acting members must agree that the recommended officers are those best qualified for

continuation of the officers under consideration. In addition, the law requires that the board must report the names of any other officers under consideration whose performance of duty has been such that their retention on the active list would not be warranted even if an unlimited number of officers could be continued.

"TOTAL COMMISSIONED SERVICE"

The term "total commissioned service," as used in the law and in this discussion, is the service defined in the Officer Personnel Act to determine when mandatory retirements occur. For line officers who were originally commissioned as ensigns and have served continuously on active duty ever since, it is equal to actual commissioned service. For former Naval Reserve officers whose commissioned service includes some inactive time, "total commissioned service" may be different-- it is based on the commissioned service of officers originally commissioned in the Regular Navy who had the same seniority at the time of the Naval Reserve officer's transfer to Regular Navy. In addition, other factors determine the "total commissioned service" of some specialist officers and staff corps officers.

The year from which each officer's "total commissioned service" is computed is carried in the Navy Register in the column headed "Service Date." However, it should be understood that service computed from this date does not determine eligibility for voluntary retirement or amount of retired pay (except for physical disability). Only active duty counts toward the minimum service required for voluntary retirement. Retired pay for non-disability retirements is computed on the basis of total service from pay entry date.

RETIREMENT

Captains considered by a continuation board who are not recommended as best qualified for continuation are required to retire on June 30 of the fiscal year in which considered. Twice-failed commanders who have not been recommended as best qualified for continuation are required to retire on June 30 of the fiscal year in which considered for continuation,

or if they will not have completed at least 20 years of total commissioned service in that year, on June 30 of the fiscal year in which they complete 20 years of total commissioned service.

Retired pay will be computed at the rate of $2\frac{1}{2}\%$ of the active duty pay at time of retirement times the number of years' service creditable for pay purposes at that time. For the purpose of determining this multiplier, a period of six months or more is counted as a full year. If this multiplier is less than 20, an officer retiring on the mandatory date will nevertheless have his retired pay computed at 50% of his active duty pay.

A lump-sum payment of two thousand dollars is authorized for each officer retiring under the Act if all of the following conditions exist in his case:

- (a) he is retired in the grade held on the date of enactment, or in the grade for which he was on a promotion list prior to the date of enactment; and
- (b) he has not been selected for promotion; and
- (c) his name has not been reported as an officer whose retention would not be warranted in any circumstances.

The lump-sum payment is payable on retirement even though the officer elects to retire voluntarily prior to the required retirement date.

Officers who are recommended as best qualified for continuation on the active list will not be subject to retirement under the new law while serving in the same grade, but will be subject to the mandatory retirement points for their grade in the normal promotion law (30 or 31 years if captains, depending on category, and 26 years if commanders).

VOLUNTARY NATURE OF RETIREMENTS

Retirements under this Act will be considered to have been voluntary. This provision of law is intended to prevent any notation in records available to the public which would identify any retirement as a mandatory retirement.

TERMINATION

The Act expires on 30 June 1965. However, the Congress recognizes that need for an extension is probable. It is expected that some provisions must be used until 1970.

REPEAL OF SECTION 6150, TITLE 10, U.S. CODE

The authority to advance officers on the retired list by reason of having been specially commended by the Secretary for performance of duty in actual combat prior to 1 January 1947 is repealed, effective 1 November 1959. No such advancements will be made of officers whose retirements are effective after 1 November 1959.

NAVY HUMP IMPLEMENTATION

CAPTAINS:

(a) Unrestricted Line--approximately 35% of USN captains will be retired short of 30 years total service. USN captains will be considered in or after their fifth year of service in the grade of captain. The limits of the zone of consideration will be announced annually by ALNAV; however, in general it is anticipated that the zones will be as follows:

| Fiscal Year | Year Groups |
|-------------|-------------|
| 1960 | 1931. |
| | 1932 |
| | 1933 |
| | 1934 |
| 1961 | 1935 |
| | 1936 |
| | 1937 |
| 1962 | 1938 |
| | 1939-1 |
| 1963 | 1939-2 |
| 1964 | 1940 |
| | 1941 |

Those officers continued will retire in their thirtieth year of service if not selected for flag grade.

COMMANDERS:

(a) Unrestricted Line--All those officers twice failed of selection to the grade of captain will be considered for continuation. Since there are currently on board many commanders who have already failed of selection two or more times, FY 60 plans call for continuation of 33%. Thereafter, officers will be considered in the year of their second failure, and the planned continuation percentage is 45%. It is important to remember that officers once continued will not be subjected to another continuation screening and may remain on board until completion of 26 years' total service for retirement purposes."

Essential Objectives of the Legislation

In the report to accompany H.R. 4413, Mr. Stennis from the Committee on Armed Services outlined the essential objectives of the Hump Bill. Three main headings were listed under the objectives:

"A. To meet future Navy and Marine Corps personnel needs for experienced officers in senior grades.

B. To avoid excessive accumulation on active duty of commanders who have twice failed of selection to captain.

C. Promotion opportunities for officers in the hump."⁹

The second objective is considered worthy of note and is extracted from the report in its entirety.

B. To avoid excessive accumulation on active duty of commanders who have twice failed of selection to captain.

(1) Importance of commander grade

It is significant that the grade of commander is the grade in the Navy which has the most direct contact with both junior officers and enlisted personnel. The positions held by officers in this grade place immense responsibility for the training and instruction of personnel upon them. Examples of commander billets are command of destroyers, submarines, aviation squadrons, executive officers on all types of large naval vessels, executive officers on air stations and naval operating bases, operations officers on large naval craft, and shore positions of corresponding responsibility.

⁹Report to accompany HR 4413 86th Congress Session Senate Report No. 572 Ordered to be printed July 23, 1959 pp 5-7

(2) Results without legislative relief

In the absence of legislative relief, the Navy would be confronted with a serious personnel problem over the next 10-year period with respect to the grade of commander. In this grade, out of the total officers serving in this rank the percentage who have been or would be twice failed of selection to captain, yet continued on active duty, would range between 40 to 60 percent, depending on the particular year. These officers would receive their second failure between the 19th and 22nd year and continue until the completion of 26 years, unless voluntarily retired. Three-fourths, or about 3,800 of the present commanders, will in the absence of relief, eventually fall in the twice-failed status.

The past experience of the Navy indicates that limited numbers of officers in this twice-failed status can be effectively utilized. In the numbers described above, an intolerable condition is presented in the grade of commander. It can be reasonably expected that officers who are twice failed lose a considerable measure of self confidence. In addition, both their seniors and juniors are aware of their status and loss of prestige diminishes their capacity for personal leadership in these key assignments. The fact that such officers would constitute the senior portions of the grade inevitably would further aggravate the assignment of such large numbers. This acute problem is somewhat peculiar to the military personnel system which for many years has operated on the premise of either selection for advancement or separation within a relatively short period.

The chart set forth below indicates the number of commanders who will be on active duty during the years indicated, together with the proportion of these officers who would be in a twice-failed status. The increasing percentage of twice-failed officers indicates the severity of the problem without legislative relief.

Accumulation of Commanders in the Unrestricted Line of the Navy in twice-failed status.

| Beginning of Fiscal Year | Estimated total number of USN commanders on active duty beginning fiscal year | Estimated total twice-failed of selection USN commanders beginning fiscal year | Percentage of total USN twice-failed of selection |
|--------------------------|---|--|---|
| 1960 | 4,438 | 671 | 15.1 |
| 1961 | 4,405 | 1,064 | 24.2 |
| 1962 | 4,401 | 1,500 | 34.1 |
| 1963 | 4,464 | 1,930 | 43.2 |
| 1964 | 4,753 | 2,247 | 47.2 |
| 1965 | 4,723 | 2,699 | 57.1 |
| 1966 | 4,472 | 2,712 | 60.6 |
| 1967 | 4,490 | 2,687 | 59.8 |
| 1968 | 4,471 | 2,511 | 56.1 |

(3) Relief with legislation

This legislation will operate to prevent the excessive accumulation of such twice-failed officers by permitting the selective retirement of commanders after they have been twice failed. The prospective problem of excessive accumulations of twice-failed officers is peculiar to those in the hump groups. This problem would not be expected to continue beyond the temporary period of the legislation.

In addition to providing for selective retirement the bill will also have the effect of reducing the number of twice-failed commanders since promotion opportunity will be increased for selections to the grade of captain.

It is noted that while the objective of the law is to provide relief with legislation, no table is presented

indicating the degree of relief that could be expected, nor is "excessive accumulation" defined.

Senator Yarborough proposed a substitute bill for the Hump Bill to institute a Voluntary Retirement Program. This substitute bill included a Title 1 which provided that any captain in the Regular Navy in his 5th or subsequent year of service in his present grade, and any commander in the Regular Navy in his 20th or subsequent year of commissioned service, if not on a promotion list, would be eligible to apply for voluntary retirement. The Secretary of the Navy would be required to act on each application within one year from the time it was made and would be required to approve applications for retirement in such numbers as the Secretary determined to be in the best interests of the service. Officers retired under this bill would receive, in addition to their retired pay, a lump-sum payment in the amount of 3 months' basic pay for each year of early retirement, without limitation as to the total amount. Early retirement was to be based upon 30 years' service for captains and 26 years' service for commanders.

Title 1 was to be in effect for at least 2 years. If this voluntary program did not produce sufficient vacancies to provide ample opportunity for promotion, the Secretary was authorized to place the mandatory retirement

program of the Hump Bill into effect.

This proposal was considered unworkable since it would require a two year delay for the trial period and would not provide a means for the retention of the most effective officers. In addition it was pointed out that officers could retire under laws existing at the time if they so desired. An interesting statement is contained in the Navy Department's reply to Senator Russell on this proposal.

"The possibility of retirement after only 20 years of active service is primarily a strong inducement to young officers to enter upon a military career. By the time they reach the 20-year point, however, most of them have become motivated toward rounding out a full career of 30 years or more. Providing an extravagant financial inducement to career minded officers to abandon that ambition would be contrary to the principles of the military profession, would tend to destroy the motivation that has been carefully nourished for 20 years, and would reflect adversely on the continuation of a military career."¹⁰

The attitude of the U. S. position on solving the Hump problem can be contrasted to the procedure utilized in the Royal Navy by referring to Annex I-Royal Navy dealing with this same problem. It should be noted that the exchange rate existing at the time was 2.80 dollars per pound.

¹⁰Ibid p. 42

ANNEX I—ROYAL NAVY OFFICERS ON PERMANENT COMMISSIONS

Examples of the special capital payments to Officers of the Royal Navy (and Royal Marine Officers of corresponding rank) with 10 or more years qualifying service, who come within the scope of this scheme, and, in addition, of the terminal grants in respect of their service, are shown below:—

| Actual Age on Retiring | General List | | | | | | | | | | | | Special Duties List | | | | | | | | |
|------------------------|----------------------------------|-----------------|-------|-----------------------------------|-----------------|-------|-----------|-----------------|-------|---------------|-----------------|-------|---------------------|-----------------|-------|-------|-------------------------|---------------|-----|-----|-----|
| | Captain over 6 years in the rank | | | Captain under 6 years in the rank | | | Commander | | | Lt. Commander | | | Lieutenant | | | Total | Special Capital Payment | Typical Grant | | | |
| | Typical | Special Capital | Total | Typical | Special Capital | Total | Typical | Special Capital | Total | Typical | Special Capital | Total | Typical | Special Capital | Total | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | |
| 31 | £ | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| 32 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 33 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 34 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 35 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 36 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 37 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 38 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 39 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 40 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 41 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 42 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 43 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 44 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 45 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 46 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 47 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 48 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 49 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 50 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 51 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| 52 | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... | ... |

- Notes:—(1) The amount of the Terminal Grant depends on the circumstances of the individual case.
 (2) The scaling down of the special capital payment at the earlier ages depends on the length of qualifying service.
 (3) For purposes of illustration
 (a) reckonable service from age 21, and 2 years in the substantive rank, assumed for General List Officers;
 (b) promotion to the rank of Captain R.N. assumed to be at age 40;
 (c) for Officers on the Special Duties List, 12 years service as a rating and promotion to Lt.-Commander at age 45 has been assumed;
 (d) the figures for Lieutenants (General List) are based on the assumed career of an ex-Upper Yardman.

The special capital payments shown are those payable to officers who retire on attaining the ages stated. For officers who retire later an adjustment will be made of one-twelfth of any difference between this amount and the next amount for each additional month completed.

Officers will receive retired pay and terminal grant for service rendered in accordance with the normal rules, having regard to the nature of their previous service, with a minimum qualifying period of 10 years service.

Example 1

A typical *Captain R.N.*, if retired at age 42 with under 6 years in the rank and with 21 years reckonable service, will receive:—

| | | | | | | |
|-------------------------|-----|-----|-----|-----|-----|-------------|
| Retired pay | ... | ... | ... | ... | ... | £800 a year |
| Terminal grant | ... | ... | ... | ... | ... | £2,400 |
| Special Capital Payment | ... | ... | ... | ... | ... | £6,000 |
| | | | | | | } £8,400 |

Example 2

A typical *Commander*, if retired at age 40 with 19 years reckonable service, will receive:—

| | | | | | | |
|-------------------------|-----|-----|-----|-----|-----|-------------|
| Retired pay | ... | ... | ... | ... | ... | £650 a year |
| Terminal grant | ... | ... | ... | ... | ... | £1,950 |
| Special Capital payment | ... | ... | ... | ... | ... | £5,500 |
| | | | | | | } £7,450 |

Example 3

A typical *Lt.-Commander*, if retired at age 40 with 19 years reckonable service, will receive:—

| | | | | | | |
|-------------------------|-----|-----|-----|-----|-----|-------------|
| Retired pay | ... | ... | ... | ... | ... | £555 a year |
| Terminal grant | ... | ... | ... | ... | ... | £1,665 |
| Special Capital payment | ... | ... | ... | ... | ... | £5,000 |
| | | | | | | } £6,665 |

Example 4

A typical *Lt.-Commander (Special Duties List)*, if retired at age 47 with 20 years reckonable service, will receive:—

| | | | | | | |
|-------------------------|-----|-----|-----|-----|-----|-------------|
| Retired pay | ... | ... | ... | ... | ... | £500 a year |
| Terminal grant | ... | ... | ... | ... | ... | £1,500 |
| Special Capital payment | ... | ... | ... | ... | ... | £2,180 |
| | | | | | | } £3,680 |

(Normally all these officers would receive the retired pay and terminal grant.)

Example 5

A typical *Lieutenant (Upper Yard-man)*, if retired at age 33, with 12 years reckonable service, will receive:—

| | | | | | | |
|-------------------------|-----|-----|-----|-----|-----|-------------|
| Retired pay | ... | ... | ... | ... | ... | £355 a year |
| Terminal grant | ... | ... | ... | ... | ... | £1,065 |
| Special Capital payment | ... | ... | ... | ... | ... | £5,000 |
| | | | | | | } £6,065 |

(Normally he would receive a gratuity of £1,400.)

PURPOSE

In investigating any problem, it becomes necessary to compile factual data pertaining to the problem, analyze the data, and then draw conclusions based upon the results. Preconceived opinions and judgments should not enter into the study though they may assist in spotlighting areas that need investigating.

One area for study became apparent by simply reading the precedence list of officer instructors at the U. S. Naval Postgraduate School for 1961. Out of 29 Commanders attached as instructors for Junior Officers, 17 or 58.6% had failed selection. This figure although very undesirable is not considered unusual in view of statements in the January 1962 Personnel Newsletter that "approximately one-fourth of all unrestricted line commanders and approximately one-third of all unrestricted line Lieutenant Commanders are serving in a failed of selection status. It becomes readily apparent that shore activities, overseas bases and afloat or shore based staffs must absorb and effectively utilize the non-selected officers."¹¹ By limiting the billets available to non-selected officers, specific duty stations will necessarily have a high

¹¹ Bureau of Naval Personnel, LINE OFFICER, Personnel Newsletter, Vol. 5-No. 2 (Jan. 1962, NavPers-15892) p. 16

percentage of these officers on board.

These percentage figures coupled with the fact that "the Navy's Commander continuation boards meeting in fiscal 1963 can keep all twice-passed-over Commanders on duty until they finish 26 years of commissioned service"¹² cast doubts on the effectiveness of the "Hump Bill" and raised several questions as to what has transpired since passage of the bill.

In the initial explanation letter TO ALL NAVAL OFFICERS on 12 August, 1959, Vice Admiral Smith, Chief of the Bureau of Naval Personnel, discussing Commander continuation, stated that "FY 60 plans call for continuation of 33%. Thereafter, officers will be considered in the year of their second failure, and the planned continuation percentage is 45%."¹³

The Memorandum to All Officers dated 18 July, 1961 estimated a "percentage continuation of 65%."¹⁴

Thus in spite of the fact that shore stations have a high percentage of non selected officers, our projected plans for forcing out twice passed over Commanders went from 67% to 0% in four years time and over a period of one

¹²News item in NAVY TIMES, Vol.II No.39 (July 11, 1962) p.4

¹³Letter to All Naval Officers, Chief of Naval Personnel, op. cit., p.5

¹⁴Bureau of Naval Personnel Memorandum to All Officers
18 July, 1961 p.2

year, this figure dropped from 35% to 0%.

Two questions arise from these policy changes:

1. Why is it no longer necessary to employ Hump procedures in the commander rank?
2. Are the best interests of the Navy being served by not employing Hump procedures?

Assuming that personnel policy planners have not made any errors in their computations on the number of commanders necessary each year, the answer to the first question becomes obvious. There is sufficient attrition in the commander rank through retirement, death, and administrative separations such that forced attrition is not presently required. This would also indicate that Senator Yarborough's proposed monetary inducement was not needed, for enough officers must be retiring on a voluntary basis to remedy the situation. The Navy Department's reply to the Yarborough proposal also appears to have missed the mark with the statement "By the time they reach the 20-year point, however, most of them have become motivated toward rounding out a full career of 30 years or more."¹⁵

One objective of the Hump Bill was to provide an

¹⁵Report to accompany HR 4413 86th Congress Session Senate Report No. 572 Ordered to be printed July 23, 1959 p.42

orderly flow of advancement. The Yarborough substitute was objected to "because the Secretary would have no means of forecasting the number of applications for voluntary retirement that might be submitted in any year."¹⁶ This objection may well apply to the present legislation if the above assumptions are valid. The fact that personnel planners could miss the continuation figure by 35% over a one year period should be a cause for concern and appraisal.

The second question: "Are the best interests of the Navy being served by not employing Hump procedures?" is not so easily answered. Assumptions may be made on this question, facts obtained, and some conclusions drawn, however.

¹⁶Ibid p. 42

ASSUMPTIONS

In analyzing the problem "Has the Hump Bill attained promotion equity on a long term basis, fulfilling the needs of the service with no lasting damaging effects?", certain assumptions were made based on personal observation. In the text Principles of Management, the statement is made--"Personal observation. In any preoccupation with the devices of managerial control, one should never overlook the importance of control through personal observation. Budgets, charts, reports, ratios, auditor's reports and other devices of control can be helpful, if not essential to control. But the manager who relies on these devices and sits, so to speak in a soundproof control room reading dials and manipulating levers, can hardly expect to do a thorough job of control. Management is, after all, getting things done through people, and, although many scientific devices aid in making sure that people are doing that which the manager has hoped and planned for them, the problem of control is still one of human relations."¹⁷

Personal observations gave indications that a large percentage of officers who were not selected for promotion

¹⁷Harold Koontz and Cyril O'Donnell, Principles of Management (New York: McGraw-Hill, 1959), p. 610

from Commander to Captain were retiring early before completion of their 26 years' service. It was also observed that there appeared to be definite differences between those who retired early and those who were electing to remain in the service. Many electing to remain were aviators, and often had originally entered the Navy with less formal education than the general line or 1100 designated officer.

Based on these observations, assumptions were made and a study conducted. It was assumed that a high percentage of officers who elected to remain in the service after failing selection would have aviation designation 1300. A second assumption was that officers who elected to remain would not be as well qualified from the standpoint of educational background as those who left the service. If the study proved these assumptions to be true to a significant degree, it could be concluded that the Hump Bill was not operating as intended and unless revised or modified by administrative policy on retirement lasting damaging effects could result. Specifically, the promotion of 1300 officers entering the Commander rank would have to be slowed down (or more 1100 billets converted to 1300 billets) and if those with higher education were leaving the service the input for this training would have to be increased as time went by.

Considerations that would tend to support the assumptions would be:

1. Those with the best education would be most able to compete for positions in industry (especially those with advanced degrees).
2. Commanders with 1300 designators would be more reluctant to retire since they would suffer a larger financial loss due to incentive pay (\$2940 per year).

These arguments could be balanced out by such factors as family considerations, employment opportunities due to service or family connections, personality traits of 1100 and 1300 designated officers, and innumerable other intangibles.

LIMITATIONS

It was realized at the start of the data collection process that severe difficulties would be encountered in obtaining accurate data. This was due to two basic obstacles: 1) All retirements under the Hump Bill "will be considered to have been voluntary. This provision of law is intended to prevent any notation in records available to the public which would identify any retirement as a mandatory retirement".¹⁸ Without this information it is impossible to separate actual voluntary and involuntary retirements. 2) Since figures on selection, retirement, and separation, are constantly changing, it would be necessary to establish a cut off date and base all figures on this date.

In view of these difficulties and definite limitations, it was decided that results of this study could not possibly provide firm factual data. The object of the study, therefore, was to provide background information for a more exhaustive survey if this was found warranted.

¹⁸Letter to All Naval Officers From the Chief of Naval Personnel, 12 August, 1959, p. 4

Chapter II

The Study

Since the object of the study was to determine whether or not the Hump Bill was fulfilling the needs of the service as originally designed, it was decided to investigate how the bill was handling the problem of those officers in the commander rank who failed selection. Data available from the Navy Register was considered sufficiently accurate for this purpose. It should be noted that this data gives the status of personnel as of 1 January for a particular year and thus numbers of officers in grade will include some commanders selected for promotion to captain and will be minus some lieutenant commanders selected to the commander rank. Since this is a constantly changing situation, any date selected will be subject to these same variations. It should also be noted that minor discrepancies undoubtedly exist due to this counting process vice a more accurate modern computer system. Regardless of these problems, any trends should be easily established and noted.

The Navy Registers for the years 1959 through 1962 were used and the number of commanders of the unrestricted line obtained. The number of 1100 and 1300 officers on duty was obtained for each year along with the number of

1100 and 1300 officers serving in a failed selection status. This latter data was obtained by noting all those in the promotion zone for that year who were lacking a notation by their name as having been selected. These figures were considered significant even though the officer may have failed selection only one time. By Bupers statements, policy and tradition, these officers were in a status whereby they would not be assigned to command at sea and consequently could reasonably be considered to be in a "limited duty status."

After compiling data on results of selections for past years, it was considered advisable to group officers by year groups as they would be considered for selection in future years and obtain figures for 1100 and 1300 designated officers in each group. This data was compiled from the 1961 and 1962 Navy Registers. The data was then utilized to visualize promotion opportunities of the 1100 and 1300 officers in these year groups and the effect of the composition of the group that failed selection on the overall composition of the commander rank.

In analyzing the effect of non-selection on officers having had Postgraduate training, data was extracted from a study by Lieutenant Newton C. Youngblood on The Effect

of Postgraduate Education on Selection from Commander to Captain in the U. S. Navy. This study indicated that a relatively high percentage of officers who are well qualified educationally are not selected for promotion. Results were as listed in Table VII. Since the study covered the promotion zone for fiscal years 1960-1962, and since these officers are just now becoming eligible for voluntary retirement, their action towards early retirement and the impact of their non-selection has yet to be fully realized.¹⁹

To understand future implications of this data and obtain a "prediction indicator," it was considered advisable to gather the same type data for an earlier year group. The Naval Academy classes of 1940 and 1941, and contemporary officers, were affected by the Hump Bill, have had an opportunity to evaluate their situation, and have met requirements for early retirement whereas those officers considered in Lieutenant Youngblood's study have not.

Data was compiled for the Naval Academy classes of 1940 and 1941 and all other officers in this promotion zone. The object here was to determine whether any particular

¹⁹Lieutenant Newton C. Youngblood, "The Effect of Postgraduate Education on Selection from Commander to Captain in the U.S. Navy" (unpublished research paper, U.S. Naval Postgraduate School, Monterey, 1962)

category of officer tends to retire early after failing selection for the second time. Factors considered consisted of 1100 designator, 1300 designator, Naval Academy education, and Postgraduate education. The survey was limited to these categories due to the type and source of data available. A more comprehensive survey should properly include such items as age of officer, age and number of children, age at mandatory retirement, special qualifications not listed in the Navy Register and other intangibles that could best be obtained by a personnel questionnaire. These were reluctantly omitted as being beyond the scope of this study.

After determining the number of officers in the various categories who failed selection, data was obtained using the 1962 Navy Register to determine how many of these officers remained on active duty as compared to the Hump Bill's projected and allowed continuation percentage.

Results

Results of the study show that on 1 January, 1959, there were 700 unrestricted line commanders on active duty who had failed selection one or more times out of 4640 in grade or 14.5%. Of these 700 commanders, 385 had an 1100 designator and 315 were aviators with a 1300 designator. In the three year period from 1959 to 1962, the commander strength remained at about the 4800 level each year, and each year the total number of officers serving in a non-selected status has increased. The number of officers with 1100 designators has remained relatively constant during this period, whereas the number with 1300 designators has more than doubled, going from 315 in 1959 to 718 as of 1 January, 1962. This data is included in Table III and illustrates what has transpired since enactment of the Hump Bill.

The problem to be confronted in the future is portrayed by Table IV and Figure 2. Number of Unrestricted Line Commanders are tabulated by year group, fiscal year in which they will be considered for selection and percentage distribution by 1100 and 1300 designators.

TABLE III

NUMBER AND PERCENTAGE OF UNRESTRICTED LINE COMMANDERS
HAVING FAILED SELECTION ONE OR MORE TIMES

| 1 January | Total Commanders | Total Non-selected | % Non-selected | 1100 | 1300 |
|-----------|---------------------|-----------------------|-------------------|------|------|
| 1959 | 4840 | 700 | 14.5 | 385 | 315 |
| 1960 | 4755 | 912 | 19.1 | 449 | 463 |
| 1961 | 4808 | 1045 | 21.7 | 451 | 594 |
| 1962 | 4796 | 1131 | 23.6 | 413 | 718 |

TABLE IV

UNRESTRICTED LINE COMMANDERS ON DUTY AS OF 1 JANUARY, 1962
BY YEAR GROUPS²⁰

| YEAR GROUP | UNRESTRICTED COMMANDERS | 1100 | %1100 | 1300 | %1300 | FISCAL YEAR IN ZONE |
|---------------|----------------------------|------|-------|------|-------|------------------------|
| 42-0 | 1373 | 541 | 39.4 | 832 | 60.6 | |
| 43-1 | 686 | 172 | 25.2 | 514 | 74.8 | 1963 |
| 43-2 | 699 | 281 | 40.3 | 418 | 59.7 | 1964 |
| 44-1 | 692 | 285 | 41.2 | 407 | 58.8 | 1965 |
| 44-2 | 364 | 174) | 44.7 | 190) | 55.3 | 1966 |
| 45-1 | 237 | 95) | | 142) | | |
| 45-2 | 593 | 293 | 49.4 | 300 | 50.4 | 1967 |
| 46-0 | 152 | 64 | 42. | 88 | 48. | |
| TOTALS | 4796 | 1905 | 39.8 | 2891 | 60.2 | |

²⁰ Fiscal Year in Zone as outlined in Memorandum to All Officers Bureau of Naval Personnel Memorandum of 18 July, 1961 pp 2-3

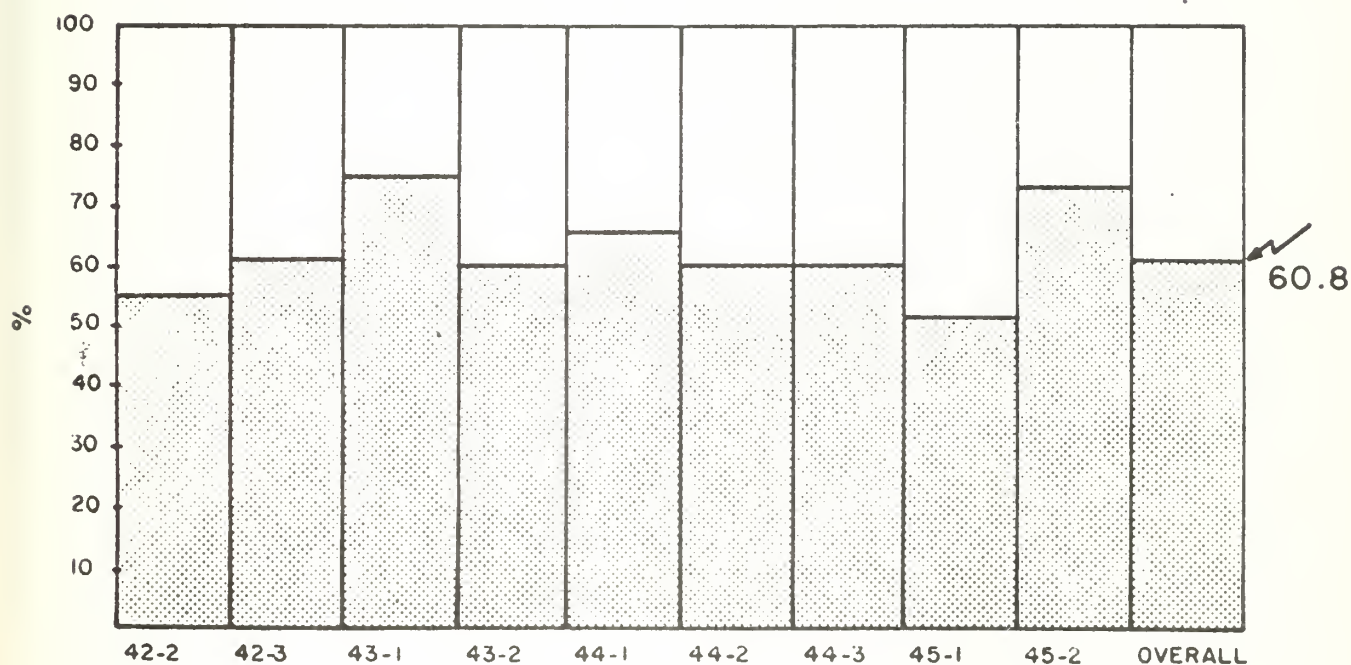
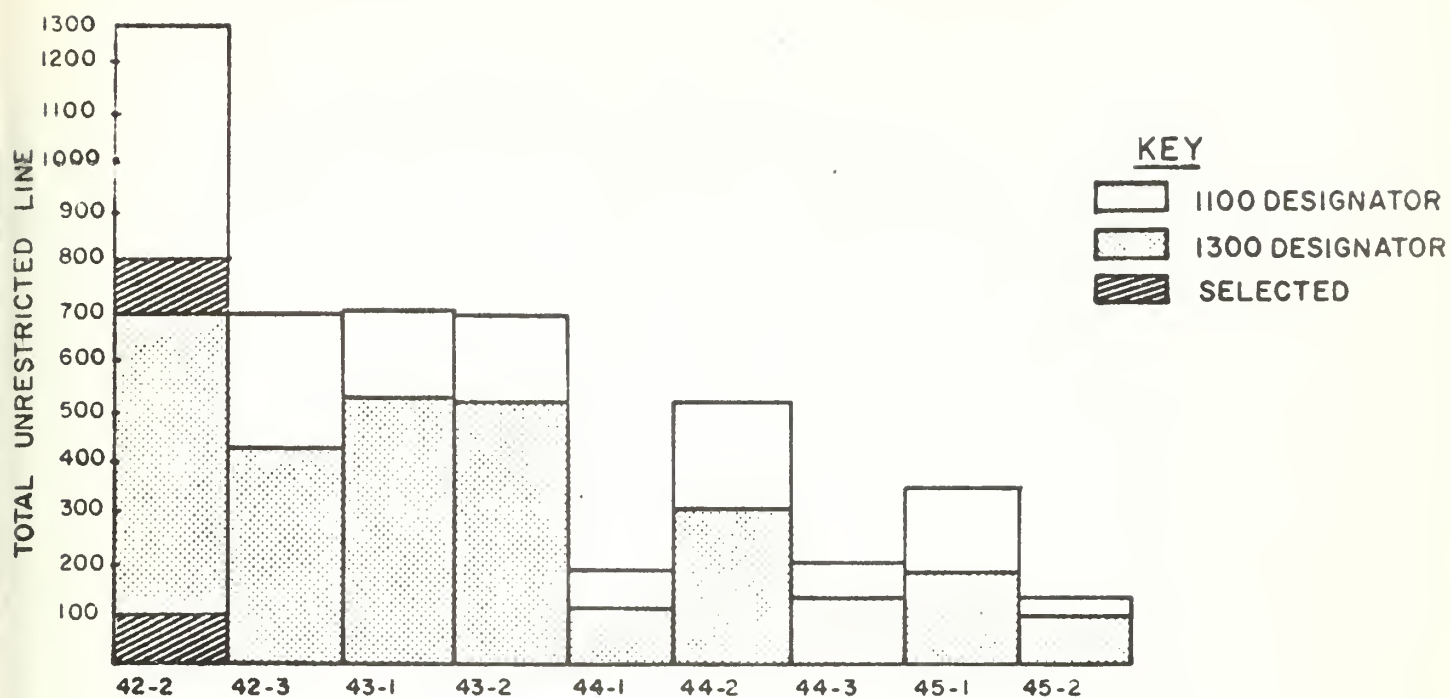


FIGURE 2
UNRESTRICTED LINE COMMANDERS
TOTALS AND PERCENTAGE 1100 TO 1300
AS OF 1 JANUARY 1961

The data reveals that in the next three years, 708 officers with 1100 designators will be considered for promotion for the first time along with 1339 officers with 1300 designators, or a ratio of almost 2 aviators for every non-aviator considered. Using the percentage selection figures for fiscal years 1960-1962 as a guide (47.5% for 1100 officers and 29.3% for 1300 officers) we can project that about 350 of those with 1100 designators will fail selection in the next 3 years along with 900 officers with 1300 designators.

The data also indicates that if the ratio of 1100 to 1300 officers being selected to the Captain rank in the past 3 years was balanced as desired, then on a pure numbers basis the percentage of aviators to be selected in the next three years must decrease and the percentage of those not selected must increase, thus further aggravating the situation. This is presented below in Table V.

TABLE V

COMMANDERS SELECTED TO CAPTAIN

| ACTUAL Fiscal Years 1960-1962 | | | PROJECTED Fiscal Years 1963-1965 | | |
|---|-------|--------------|--|-------|--------------|
| | Total | No. selected | | Total | No. selected |
| 1100 | 792 | 376 | 1100 | 708 | 358 |
| 1300 | 1123 | 329 | 1300 | 1339 | 439 |
| 53.4% of those selected were 1100 officers | | | 45% selected would be 1100 officers | | |

The projected data obtained in Table V indicates that we might reasonably expect 350 Commanders with 1100 designators and 900 Commanders with 1300 designators to fail selection in the next three years. If all of these officers elect to remain on active duty until forced to retire by virtue of having 26 years' of service, control of the ratio of aviators to non-aviators can be maintained by the continuation procedures as set forth in the Hump Bill. However, if a large number of these officers elect to retire prior to completion of 26 years' service, we will have generated additional problems and will be faced with additional alternative courses of action:

1. Accept retirement requests, control the unbalance between aviators and non-aviators by non-continuation and accept a decrease in the number of Commanders in the Navy.

2. Same as above but increase the inflow of officers into the Commander grade.

3. Regulate the acceptance of retirement requests such that requests from officers in certain categories will be deferred or not accepted while still controlling by non-continuation of other categories.

4. Disregard any unbalance between aviators and non-aviators and change billet assignments as necessary.

None of these alternative actions appear attractive from the viewpoint of creating an effective fighting service.

Figures were compiled to determine the effect of failure of selection of those officers who were graduates of the Naval Academy classes of 1940, 1941, and contemporaries. Only those officers who had advanced with their groups up to this point were considered in this data. For Naval Academy graduates, this is listed below in Table VI.

TABLE VI

U.S.N.A. CLASSES OF 1940 and 1941 NON SELECTED

| | First Time | | Second Time | | Currently Remaining | |
|--------|------------|------|-------------|------|---------------------|------|
| | 1100 | 1300 | 1100 | 1300 | 1100 | 1300 |
| TOTAL | 99 | 38 | 75 | 28 | 15 | 6 |
| PG | 41 | 16 | 30 | 12 | 6 | 4 |
| NON PG | 58 | 22 | 45 | 16 | 9 | 2 |

Table indicates that of

343 GRADUATES WHO WERE ON DUTY IN 1959

137 Failed selection a first time

103 Failed selection a second time

21 Remain on active duty

82 Have retired or been separated

Therefore 79.6% of those non-selected the second time are no longer on active duty as opposed to the Hump Bill's maximum proposed 35% non-continuation.

The results here indicated that approximately 80% of those who failed selection a second time did not elect to remain on active duty (or were non-continued) prior to completion of 26 years' active service. The difference between those having postgraduate training. 1300 or 1100 designators was insignificant, particularly considering the small numbers involved.

A similar study was made for non Naval Academy graduates in this same year group and in this case, 80.3% of those failing selection two times are no longer on active duty.

Results of this very limited survey indicated that about 80% of all officers, regardless of background, educational qualifications, or other distinguishable characteristics left the service early. The major factor not considered in the study was forced separation by non-continuation. Since all retirements due to non-continuation are considered as voluntary retirement under the Hump Bill no effort was made to obtain these figures. However, since Naval Academy graduates and officers with post-graduate training have a relatively high selection percentage as illustrated by Table VII; one could reasonably assume that individuals in these categories would be subject to a lower non-continuation percentage. It would follow that a significantly higher percentage of

Naval Academy graduates and officers with postgraduate training leave the service after failing selection the second time than do non-Naval Academy graduates and those without postgraduate training.

Table VII is presented to illustrate the composition of officers who have failed selection in the past 3 years. If these officers fail selection a second time, and if 80% of these officers retire early, one may visualize the numbers of well qualified officers who will be lost by voluntary early retirement.

TABLE VII

1100 Designated Commanders in Promotion Zone--Fiscal Years
1960-1962

| Source of Commission | Number | Number non- selected | %non-selected |
|----------------------|------------|-------------------------|---------------|
| Naval Academy | <u>220</u> | <u>130</u> | <u>40.6</u> |
| With P.G. | 147 | 55 | 37.4 |
| Without P.G. | 173 | 75 | 43.4 |
| Non-Naval Academy | <u>472</u> | <u>286</u> | <u>60.6</u> |
| With P.G. | 96 | 44 | 45.8 |
| Without P.G. | 376 | 242 | 64.3 |
| TOTAL | 792 | 416 | 52.5 |

Chapter III

Conclusions and Recommendations

The data presented herein was derived in an effort to evaluate the past performance of personnel policies under the Hump Bill and highlight any trouble areas that might lie ahead. The question under investigation was whether "the Hump Bill has attained promotion equity on a long term basis fulfilling the needs of the service with no lasting damaging effects."

It must be stated that in the process of researching this subject, much information was gained that was omitted from the paper. The primary reason for the omission was that it was desired to limit the scope of the work to conclusions that could be reasonably justified and substantiated by the facts gained in the research. General impressions were gathered during the study that are considered worthy of comment.

After study of the problem it is obvious that some legislative action was required to alleviate the problem that existed and was increasing as each year passed on. In this respect the Hump Bill must be considered as a successful effort for a first step in the solution of a difficult and continuing problem. It is also true, however, that certain factors, influences and assumptions were

overlooked or otherwise not provided for in the Hump Bill.

The major omission, and the one most likely to have damaging and lasting effect is the procedure of considering officers for promotion at an early date and then retaining a large percentage of them on active duty for an extended period of time after they fail selection. The Yarborough amendment was an effort to solve this problem by enticing officers to retire voluntarily and thus reduce the number of personnel in senior grades. The Navy rejected this plan because "it is non selective retirement, it does not give the Navy the control over the quality of the officer being promoted or of the officer retiring that we have under the hump legislation."²¹ This statement, projected non-continuation forecasts, all testimony on hearings before subcommittees, and actual data to date reveal that the assumption that Naval Officers desire to remain on active duty until forced to retire is erroneous. The Chief, Bureau of Naval Personnel, Admiral Smith, testified "we like to feel that we have during the time an officer serves on active duty his complete absorbtion, his complete devotion to his duties, and he is not trying to prepare

²¹Hearing before a Subcommittee of the Committee on Armed Services United States Senate Eighty-sixth Congress, First Session on HR 4413 June 22, 1959 p. 44

himself for a second career or a career after he is retired. And so in order to get that complete attention to his duty and devotion to it, we have asked for this legislation which gives retirement points at the 30 and 26 year point."²²

The basis for the assumption that officers who twice fail selection will still desire to remain on active duty is unknown but may have been predicated on information available from surveys such as Table VIII. The reliability and validity of surveys such as the one cited will be influenced by the circumstance of the times and it is doubted if any survey could project and predict beforehand the action of a group of individuals who are abruptly confronted with problems of reduced prestige, limited work assignments, and extremely low opportunity for further advancements.

²² Ibid. p. 45

TABLE VIII
 NAVAL OFFICER ATTITUDES²³
 ON RETIREMENT PLANS

Survey conducted in 1948 on all Naval ships and stations and covering all ranks and corps. A statistically reliable sample of 4442 cases was obtained.

| RETIREMENT INTENTION | PERCENTAGE OF TECHNICAL OFFICERS | PERCENTAGE OF GENERAL LINE OFFICERS |
|----------------------------------|---|--|
| Plan to retire on 20 year option | 24.00 | 22.00 |
| Plan to retire on 30 year option | 23.00 | 27.00 |
| Plan to retire at retirement age | 13.00 | 16.00 |
| Leaving before retirement | 7.00 | 4.00 |
| Not decided yet | 28.00 | 26.00 |
| Other--did not answer | 5.00 | 5.00 |
| | 100.00 | 100.00 |

²³Officer Attitudes, Navy Department, Bureau of Naval Personnel July, 1949.

The fact that Naval Officer Attitudes on Retirement Plans change in a decade should not come as a surprise to our personnel planners if they consider the pressures acting upon officers at the time that they complete 20 years' service. A very high percentage of these officers will fall in the 40 to 45 year age bracket. Those failing promotion are faced with the choice of retiring early and starting a second career or delaying the process for approximately four years and then starting this second career with no pay increase for Commanders after 22 years' service. In evaluating this choice they must assume that the longer they delay retirement, the poorer their chances of starting a second career become. The validity of this assumption has been checked by a survey to determine employer's views on employment possibilities in relation to the age of the applicant and results of the survey are presented in Tables IX and X. These tables illustrate that those in the age group 40-45 are in a critical position and beyond this point, employment consideration is poor. After age 45 an individual is definitely on the downslide of the curve.

TABLE IX

PERCENTAGE OF 69 EMPLOYMENT AGENCIES' VIEWS AS TO THE
EMPLOYMENT POSSIBILITIES IN RELATION TO THE AGE OF THE
APPLICANT ²⁴

| EMPLOYMENT POSSIBILITY CONSIDERATION | AGE GROUPS OF APPLICANT, EMPLOYMENT AGENCIES MENTIONING, PER CENT | | | | |
|--|--|-------|-------|-------|-------|
| | 30-35 | 35-40 | 40-45 | 45-50 | 50-55 |
| EXCELLENT | 45 | 20 | 5 | 0 | 0 |
| GOOD | 47 | 52 | 27 | 5 | 0 |
| FAIR | 8 | 27 | 48 | 39 | 13 |
| POOR | 0 | 1 | 18 | 40 | 39 |
| BAD | 0 | 0 | 2 | 16 | 48 |

TABLE X

PERCENTAGES OF 104 CIVILIAN EMPLOYER VIEWS ON AGE GROUPS
CONSIDERED MOST DESIRABLE WHEN HIRING EXECUTIVES OR
SUPERVISORY EMPLOYEES

| AGE GROUP | CIVILIAN EMPLOYERS MENTIONING PER CENT |
|-----------------------------|---|
| 20-25 | 2 |
| 25-30 | 10 |
| 30-35 | 28 |
| 35-40 | 24 |
| 40-45 | 14 |
| 45-50 | 3 |
| Age not considered a factor | 15 |
| No response | 4 |

²⁴Robert Bruce Bretland, "Some Aspects of the Problem of Civilian Job Placement and Readjustment Education of Retiring Naval Officers" (Unpublished Master's Thesis, The Ohio State University, Columbus, 1950), pp 92-104

A wealth of data similar to Tables IX and X is available to officers facing the retirement problem and with one quarter of the Navy's Commanders eminently concerned and available to pool resources and disseminate information, the subject is well covered and understood. In addition, the concern shown by the Navy in this matter and resultant study group reports are ready sources of information. As an example, the Michigan Study stated that the character of military profession has changed and for many persons military service would be the first step in a two step career. This study further stated that "Congress should have introduced new concepts in management of military retirement system.

1. Keep personnel on active duty for longer periods or
2. Release them earlier so that they can be effectively integrated into the civilian labor force."²⁵

No doubt much of the Michigan Study reflected the opinions of Doctor Morris Janowitz, author of The Professional Soldier and a member of the study group. In his book he wrote, "Consequently, the entire concept of retirement has undergone a change. No longer is retirement

²⁵ News item in the ANAF Journal, 15, July, 1961

the final phase of a gentleman's career, a continuation of the military style of life. It is merely another step in career management. The Army no longer speaks of retirement, but of a "second" career. The retirement age has now been lowered, so that many more officers, including those who entered into the leadership cadre, do not serve the full thirty year term. These officers must take another job."²⁶

Thus it is concluded that personnel policy planning in the past, as evidenced by projected continuation percentages, has been based upon the assumption that once a naval officer has served for an extended period of time he will desire to remain in the service until forced to retire. This misconception can be likened to the observation that "the thinking of industry has until recently tended to focus on pay as the dominant employee motive."

In studies on the effect of pay on motivation with regard to both workers and executives it was concluded that "in all cases ego-motivation rather than economic motivation is predominant. We are thus led to the interesting conclusion that popular psychology is wrong about both

²⁶ Morris Janowitz, The Professional Soldier (Glencoe, Illinois: The Free Press, 1960) pp. 185-186

executives and workers. Neither group is primarily concerned about pay as such, except when economically pinched. At other times they prefer ego-satisfactions such as prestige, power, recognition, security, treatment as an individual."²⁷

If this ego-satisfaction theory applies to both executives and workers in industry is it too unrealistic to conclude that it also applies to the Navy? One look at the ego-satisfaction factors listed--prestige, power, recognition, security, treatment as an individual, reveals that each factor is lacking in the case of the non-selected officer.

It is the conclusion of this study, as substantiated by the data taken from one year group (admittedly meager and tenuous) that ego satisfactions play a predominant role in the actions of our senior officers facing problems of remaining in the service or voluntary retirement. These ego-satisfactions overpower all other considerations and thus we can expect a heterogeneous group to retire rather than any specific segment as was assumed at the initiation of this study.

²⁷ Paper on Motivation by Ross Stagner

It should be noted that in the recent past, officers have been considered for promotion to the rank of Captain in their 18th, 19th, or 20th year. As this promotion point is delayed until the initial consideration comes in the 22nd year of service there exists the strong possibility that each officer will carefully weigh his future opportunities in the service as compared with retiring at a younger age and starting a second career upon completion of 20 years' service. The implication is that the relationship of retirement points to promotion points is a critical one that must be given thoughtful consideration in any future personnel planning.

It is finally concluded that the relationship of retirement to promotion point is not properly located at present under the Hump Bill. The large number of officers retiring voluntarily from the critical rank of Commander is testimony of this fact.

RECOMMENDATIONS

As stated originally, this paper was written to study the problems associated with and involving the Hump. The officers serving in the Bureau of Naval Personnel who must live with this problem and make decisions each day concerning the execution of established policies remain slaves to and influenced by the present Hump Bill. Their thoughts, and any recommendations they might make concerning this problem, would certainly reflect their experiences in their present assignments. Yet these same officers by their intimate connection with, and concern for the problem, with the wealth of data available from computers and mechanized records, possess unique talents that make them the best qualified to properly solve this problem. They fail in only one area; namely, that they both establish and execute the policies, and when these policies go astray, there exists an excessive time lag before corrective action is initiated. Thus while they attempt to justify and rectify their errors, the situation compounds itself and proceeds dangerously out of control. Regardless of the good intentions and efforts on their part, this situation can exist, has existed in the past, and may well occur in the future.

Sound management practice can help to alleviate

this situation. The Principles of Management states "similar issues are involved in the employment of an outside auditor and in the separation of accounting from the finance function. The certification of financial records could hardly be made by a subordinate in the treasurer's department. And since the accounting activities are useful checks upon the treasurer, who has control of the enterprise funds, they might be quite harmless indeed if the chief accountant reported to the treasurer, or vice versa. The principle of separation that an activity designed as a check on another activity must not be assigned to the department on whose activities it checks--is a valuable and invariable rule. The organizer is always on firm ground when he applies this principle, both at the time a new activity is created and when he carries out his examination of the organization structure."²⁸

The above statement creates the general conception that the audit is limited to financial matters, money that can be counted or material that can be inventoried, and this has been the general application within the Navy

²⁸ Harold Koontz and Cyril O'Donnell, Principles of Management (New York: McGraw-Hill, 1950), p. 131

to date. The text also states, however, that "It is true that most internal auditors limit themselves to matters of the integrity of accounts and corporate assets, but there is no reason why the concept of internal auditing should not be broadened in practice. Perhaps the only limiting factors are the ability of a company to afford so broad an audit, the difficulty of obtaining men who can do a broad type of audit, and the very practical consideration that no one likes to be reported or spied upon. While persons responsible for accounts and for the safe-guarding of company assets have learned to accept the audit, those who are responsible for far more valuable things, the execution of the plans, policies, and procedures of a company have not so readily learned to accept the idea of being audited."²⁹

It has been often said that the most valuable asset the Navy has consists of the men who have dedicated their lives to service, and yet this asset has never been realistically audited along guidelines established by currently accepted sound management practices. Certainly our personnel policy makers can argue that their decisions are under continual review by Congress and the various

²⁹ Ibid p. 610

civilian boards and study groups set up explicitly for that purpose. All of these study groups and organizations, including the navy comptroller who has the assigned responsibility for auditing, fall far short of the capability of conducting a true internal audit.

In view of the above, it is recommended that:

1. Provisions be made for the periodic establishment of an internal audit group, separate from the control of the personnel department, to review and analyze our personnel policies. The composition of this audit group would vary with the area under survey but would in each case, consist of some members who would be directly affected by the report of the group.

For example, in the case of a study on the Hump problem, the composition of the audit board would be

A. Senior member

A Naval Officer of rank of Admiral to provide the wisdom and experience necessary and evaluate the influence of the report on the future personnel policies of the Navy. An officer who has not previously been responsible for personnel policies.

B. Second member

A senior Captain who has had previous duty in the establishment of personnel policies and can thus advise on the implications and complications of any recommendations made by the board.

C. Two civilian members

To provide civilian liason, reflect the impact that action of the board might have on industry, and to give weight to any recommendations that

might later be utilized in persuading Congress to obtain desired implementation of provisions of the report through legislative action.

D. Four additional members

Two of these officers (preferably one aviator and one non-aviator) should be members of the group directly affected as a result of any action on the board's report; one should be slightly senior to the hump and one slightly junior. These members, by their intimate concern with the problem under consideration, should provide insight and assist in interpreting the action, reaction, and implications of the report as it will affect them and their contemporaries. Their presence on the audit board should enhance the possibility of gathering more meaningful and pertinent data and expand the alternatives towards a more equitable solution of the problem.

The purpose of recommending the establishment of an audit board, with the composition as outlined above, is not to provide some form of democratic representation, but rather to create a group capable of auditing and understanding policies in existence in the light of our rapidly changing times.

Personnel policies that worked in one decade do not necessarily carry over to the next any better than do weapons or other instruments of war.

Since the Hump Bill directly influences the retirement date for our senior officers, it is recommended that:

2. A thorough study be conducted as to the most advantageous time at which retirement should occur, both from the individuals' standpoint, and the Navy's standpoint.

Data gathered in this paper would indicate that a Commander in the Navy will have completed slightly over 20 years' service at the time he is first considered for promotion to the rank of Captain. His chances for promotion will be about 40% and this will assure him of five years' additional service. After five years' service he must face a continuation board that will discontinue one-third of the officers considered at that time. The insecurity developed by this procedure can only serve as a detriment to both the individual and the Navy. Some may argue that insecurity and competition are a good thing. Dr. Rensis Likert, Professor of Sociology at the University of Michigan, disputes this theory. In speaking before the industrial science section of the American Association for the Advancement of Science, he said "What lots of supervisors don't know, however, is that the safer a man feels in his job, the better job he'll do. Bosses sometimes think a man does better work if he feels a little insecure."³⁰

The recommendation that the point of promotion retirement be carefully investigated is not meant to be

³⁰ News item in the San Jose Mercury, 15 October, 1962

restricted to this one subject, but should properly include all the associated byproducts. If military service has become the first half of a two-career life, there must be some dividing point between those who will pursue a one-career life and those who pursue a two-career life.

This point should be established and made known, and those who leave the service should not be confronted with restrictions that prevent them from obtaining employment as any other citizen might.

It is recommended that:

3. The Defense Department take a more active part in this two career life by revising their present stand on the subject.

Assistant Secretary of Defense for Manpower, Norman Paul in speaking before a conference concerning the two-career service said "the Defense Department feels a moral obligation toward the retired military man. But Defense could not and would not provide job placement for them."³¹

By taking a more active part, the Defense Department

³¹ News item in the Navy Times, January 2, 1963

could channel retired officers into positions where their experience and knowledge in matters affecting the national defense would benefit all concerned. A group established to perform this function could dampen out personnel fluctuations brought on by cold war recalls in future years and gain valuable experience and knowledge in effective utilization and transfer of service personnel to civilian employment should that utopian day of disarmament and demobilization ever occur.

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